

So what is BRIC?

An acronym first used by Jim O'Neill, chief economist for Goldman Sachs in 2001 to group the four emerging nations forecast to overtake the six largest western economies in terms of economic size. Which, incidentally is predicted to be by 2032. It was soon adopted in to common, global vocabulary regardless of language and market sector. Standing for Brazil, Russia, India and China. So what can be said of these countries today?

First the raw numbers. Forecasts for 2012.

Brazil:

GDP growth: 3.5%

GDP: \$2,502bn (PPP: \$2.433bn)

Inflation: 5.5%

Population: 194.7m

GDP per head: \$12,950 (PPP: \$12,500)

Russia:

GDP growth: 3.7%

GDP: \$1,926bn (PPP: \$2,505bn)

Inflation: 6.7%

Population: 141.2m

GDP per head: \$13,650 (PPP: \$17,750)

India

GDP growth: 7.8%

GDP: \$2,367bn (PPP: \$5,083bn)

Inflation: 7.7%

Population: 1,220m

GDP per head: \$1,940 (PPP: \$4,170)

China:

GDP growth: 8.2%

GDP: \$8,130bn (PPP: \$12,327bn)

Inflation: 3.8%

Population: 1,328m

GDP per head: \$6,120 (PPP: \$9,280)

And of course these mean very little unless compared with something we know, so here are the UK figures.

GDP growth: 0.7%

GDP: \$2,511bn (PPP: \$2,293bn)

Inflation: 2.9%

Population: 63.1m

GDP per head: \$39,770 (PPP: \$36,320)

Whilst the various GDP (Gross Domestic Product) per head is low compared to the United Kingdom, which in turn is low when compared to most of the central EU nations and swamped by

UAE at \$55,520 or Hong Kong at \$52,170, it is when looked at in conjunction with the continued growth that these figures become impressive. The United Kingdom economy has only grown at an average rate of 0.48% year on year since the Second World War, where-as India and China have had growth of c10% year on year over the last 30 years. In that time the only occasions when the United Kingdom enjoyed a staggering 4.1% growth was for a couple of quarters in Q1 1953 and Q1 1954, and only nine times outside that has it ever been above 1.9%.

The PPP (Purchasing Power Parity) is also quite interesting, because as the economies grow so shall parity along with the attractiveness of the currency to foreign investors, and hence its value. Another way of looking at it is:

\$100 invested (excluding inflation and re-invested dividends) 5 years ago in BRIC is today worth:

Brazil	\$158	Russia	\$ 75	India	\$ 108	China	\$ 137
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And in comparison

UK	\$ 71	USA	\$ 97
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And how about at real top performer: Bangladesh \$ 282

So is it any surprise that every Western government is trying to build ties and the large enterprises have been diverting their investments away from the West to the BRIC? Is the lack of investment by SMEs based on blinkered vision?